



March 14, 2005

Mr. Charles Terreni
Chief Clerk and Administrator
SC Public Service Commission
P. O. Drawer 11649
Columbia, SC 29211

2004-2-E

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SC PUBLIC SERVICE
COMMISSION

Dear Mr. Terreni:

In compliance with Order No. 2005-32 dated February 28, 2005, please find an original and ten (10) copies of the South Carolina Retail Adjustment for Fuel Cost Tariff. This fuel cost tariff shows the 1.821 cents per KWH base fuel rate as approved by the Commission on a vote taken on April 29, 2004 and as codified in this order.

This rate was in effect for the first billing cycle of May, 2004 through January 5, 2005. In Order No. 2005-2 dated January 6, 2005, a new base fuel component of 1.764 cents per KWH was approved by the Commission. It went into effect on January 6, 2005 and is currently in effect.

Also included is the South Carolina Retail Adjustment for Fuel Cost Tariff that shows the currently effective base fuel rate of 1.764 cents per KWH. This tariff has previously been filed with the Commission in compliance with Order No. 2005-2.

Sincerely,

John R. Hendrix

JRH/cw

Enclosures

c: Mr. John Flitter, Office of Regulatory Staff

SOUTH CAROLINA ELECTRIC & GAS COMPANY

ADJUSTMENT FOR FUEL COSTS

APPLICABILITY

This adjustment is applicable to and is part of the Utility's South Carolina retail electric rate schedules.

The Public Service Commission has determined that the costs of fuel in an amount to the nearest one-thousandth of a cent, as determined by the following formula, will be included in the base rates to the extent determined reasonable and proper by the Commission.

$$F = \frac{E}{S} + \frac{G}{S1}$$

Where:

F = Fuel cost per kilowatt hour included in base rate, rounded to the nearest one-thousandth of a cent.

E = Total projected system fuel costs:

- (A) Fuel consumed in the Utility's own plants and the Utility's share of fuel consumed in jointly owned or leased plants. The cost of fossil fuel shall include no items other than those listed in Account 151 of the Commission's Uniform System of Accounts for Public Utilities and Licensees plus SO2 emission allowances. The cost of nuclear fuel shall be that as shown in Account 518 excluding rental payments on leased nuclear fuel and except that, if Account 518 also contains any expense for fossil fuel which has already been included in the cost of fossil fuel, it shall be deducted from this account.

PLUS

- (B) Fuel costs related to purchased power and applicable SO2 emission allowances such as those incurred in unit power and limited term power purchases where the fossil fuel costs and applicable SO2 emission allowances associated with energy purchased are identifiable and are identified in the billing statement. Also the cost of 'firm generation capacity purchases,' which are defined as purchases made to cure a capacity deficiency or to maintain adequate reserve levels; costs of firm generation capacity purchases include the total delivered costs of firm generation capacity purchased and shall exclude generation capacity reservation charges, generation capacity option charges and any other capacity charges.

PLUS

- (C) Fuel costs related to purchased power and applicable SO2 emission allowances such as short term, economy and other where the energy is purchased on an economic dispatch basis, including the total delivered cost of economy purchases of electric power including, but not limited to, transmission charges and defined as purchases made to displace higher cost generation at a cost which is less than the purchasing Utility's avoided variable costs for the generation of an equivalent quantity of electric power.

Energy receipts that do not involve money payments such as diversity energy and payback of storage energy are not defined as purchased or interchange power relative to this fuel calculation.

MINUS

- (D) The cost of fossil fuel and applicable SO2 emission allowances recovered through intersystem sales including the fuel costs and applicable SO2 emission allowances related to economy energy sales and other energy sold on an economic dispatch basis.

Energy deliveries that do not involve billing transactions such as diversity energy and payback of storage energy are not defined as sales relative to this fuel calculation.

S = Projected system kilowatt hour sales excluding any intersystem sales.

G = Cumulative difference between jurisdictional fuel revenues billed and fuel expenses at the end of the month preceding the projected period utilized in E and S.

S1 = Projected jurisdictional kilowatt hour sales for the period covered by the fuel costs included in E.

The appropriate revenue related tax factor is to be included in these calculations.

Provided that the terms of S.C. Code Ann. Sec. 58-27-865 shall govern this calculation and in case of any conflict, this statute shall control over the above.

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